

TOTAL COMPENSATION UPDATE

- Total Compensation Section. The Benefits and Compensation units are now combined under one section. We are still working on the transition and filling some key positions. The Benefits Supervisor position was announced today (5/4) so anyone interested is encouraged to apply.
- Annual Compensation Survey for 8/1/04 is in full swing. We committed to the Legislative Audit Committee during the independent audit of the survey that we would begin assessing the impact of the total compensation package on recruitment and retention. The first step is an assessment of the salary and benefits components that Sue Huang will be conducting. She will start with HR administrators and managers (using CSMA's list). Eventually it will expand to employees. The assessment will be online so look for an email from Sue in the next 2 to 3 weeks. We want to thank Jerry Witmer of Revenue for his help in designing the instrument and Neil Peters for letting us tap Jerry's expertise.
- Implementation of Annual Compensation Recommendations on 7/1/04. The Director's recommendations are in the long bill (approximately \$43 million): approximately \$8 million for employer's contribution to benefits that brings our average contribution to approximately 56% of the market's contribution (still a critical issue we will continue to pursue); 2% salary adjustment (approximately \$22 million) for all employees except Level 1; \$12.5 million for performance salary adjustments. The sequence of actions occurring on the same day is:
 - Change the range minimums and maximums per occupational group recommendations (no change in employee salaries yet)
 - 2% salary adjustment - this is across-the-board and works much like the old survey adjustments except Level 1 does not receive it.
 - Bring those below up to the new minimums
 - Performance salary adjustmentWe anticipate that the Director will issue his policy on performance salary adjustments soon. We made some proposals but it is not final until he issues his decisions in writing.
- Benefits. We are looking at returning to self-funding, which was recommended by in the State Auditor's audit of benefits. It is actuarially possible so we are studying what, when, how. Any recommendations will be included in the Annual Compensation Report due August 1. We will get you information as it becomes available.

Online enrollment will continue. We are committed to discussing all the glitches everyone found. That dialogue will take place this summer, as we are devoted to the study of self-funding at this time. In the meantime, if you have any comments or issues you want to report before we meet, email them to the Benefits unit.